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1 November 1950

MEMORANDUM FOR: The Executive

**SUBJECT: Senatorial Committee Request
For Information.**

1. Mr. Flanagan, Counsel for the Senate Investigating Committee, who is assisting the Maritime Subcommittee of the Senate Interstate Commerce Committee in connection with their investigation into transshipments of vital materials to iron curtain countries, informed me yesterday that he had conferred on this matter with Senator O'Conor, Assistant Secretary of Commerce Blaisdell, and Mr. Ostroff (General Counsel of the Office of International Trade (OIT)) of the Department of Commerce. Mr. Flanagan requested that the Department allow him to put an investigator into their files to study violations in connection with transshipments. The Department informed him that as a major part of the pertinent material was CIA material they could not release it. Mr. Flanagan thereupon asked me to see if the material could be downgraded so that the Committee could utilize it.
2. The material involved are some 1500 reports, the majority of which are classified Secret, and some of which are classified Top Secret, furnished to the Investigations Branch of OIT by special liaison arrangements with SO. Our reports are the main basis on which the Department of Commerce can plug gaps in vital materials being transshipped to iron curtain countries.
3. I met with Mr. Ostroff yesterday, and he informed me that he had discussed the matter with Secretary of Commerce Sawyer personally and informed the Secretary that he could not release any information received from CIA. Secretary Sawyer plans to refuse the request to allow an investigator in his files on what appears to be merely a "fishing expedition". The Secretary intends to take the matter up personally with Senator O'Conor.

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Mr. Ostroff informed me confidentially that he believes that the Administration will try to call Senator O'Conor off. The Department of Commerce may agree to answer specific questions on specific cases of violations.

4. The Assistant Director, Special Operations, CIA, is anxious that none of his reports be made available to the Senate Committee, at least in their present form.

Recommendations

1. It is recommended that CIA reports on file in the Department of Commerce not be made available to the Committee or its staff.

2. It is recommended that in view of the fact that Secretary Sawyer is handling this matter personally, the Director of Central Intelligence contact the Secretary directly relative to the Director's desires in this matter. (Secretary Sawyer is returning to Washington on Friday, 3 November).

3. It is further recommended that I inform Mr. Flanagan that the reports in question cannot be downgraded because of their sensitivity, but that if the Committee has any specific questions about specific cases, we will attempt to answer such questions as they arise.

Walter L. Pforzheimer
Legislative Officer

WLPforzheimer:blc
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